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United Food and Commercial Workers International Union

**Testimony of Chris Michalakakis
Legislative and Political Director of the
United Food and Commercial Workers of Michigan**

**Before the House Commerce Committee on HB 4158
February 1, 2011**

Thank you Mr. Chairman, for this opportunity to speak about this very important consumer issue. My name is Chris Michalakakis, and I am the Legislative and Political for the United Food and Commercial Workers (UFCW) of Michigan which includes UFCW Local 951 and UFCW Local 876. We represent approximately 45,000 workers in the State of Michigan in industries such as retail food, retail drug, food processing, and light manufacturing.

UFCW Locals 951 and 876 oppose HB 4158 as it goes too far in threatening the rights of consumers and completely eliminates our state's "Scanner Law." A simple price tag can be helpful in a number of ways. In these tough times, it is the most effective way to comparison shop. It gives customers a guarantee that the price they see on the item is the exact price they will pay at checkout. Shelf tags alone do not provide such a guarantee. This is especially useful in these hard economic times, where many of us shop on fixed budget. Item pricing also gives customers a paper audit trail, where even after a purchase, a customer can make sure that the price they expected to pay for a good, matched what they were charged at checkout. This bill provides no such audit trail when retailers rely on shelf tags alone.

Another dangerous part of this bill is the promotion of electronic shelf labels (ESLs). With this technology it becomes very easy for retailers to engage in price discrimination and change prices throughout the day depending on who is shopping and what they are willing to pay for certain goods. Imagine the price of a gallon of milk fluctuating like the price of a gallon of gasoline! Such labels will rob consumers of their surplus and hurt the marketplace.

There has been a lot of misinformation about this law. Some have argued that item pricing costs consumers \$2.2 billion a year. This might be the most inaccurate price to ever come out of a Michigan retail establishment! The false "cost" to consumers is based on a study by the University of Minnesota and cited in the recent study of the Anderson Economic Group that claimed that the only reason why things are 9% higher in places like Manhattan than in places like Newark, New Jersey is because of item pricing. The study did not account for factors such as differences in property values, cost of living, transportation costs, and market forces. There is no evidence that items in Michigan are more expensive than items in Ohio and Indiana because of this law. To give you an idea of what \$2.2 billion means to the retail industry take a look at our membership. All 45,000 members Michigan, which work in places like Meijer,



Kroger, Rite Aid, Plumb's, Hardings, Hillers, etc.- most of which do little to know item pricing, cost their employers a total of \$1.35 billion a year for ALL of the work they do.

Another important fact to consider, is the impact eliminating item pricing will have on jobs. Currently, we know that our employers allow Michigan stores to schedule more time for stocking specifically because of our item pricing law. We know that once eliminated, this extra time allotted for Michigan will disappear and be in line with other states. We estimate a loss of one to three employees per big box store, depending the store's size and sales volume. This will mean 800 members of UFCW laid off, and thousands of other workers collecting unemployment or underemployment. Getting rid of item pricing will reduce the amount of hours available for workers in Michigan, which means less money in the pockets of working families, less money circulating in the economy, and less tax revenue for the state- with more working families needing social assistance from the state.

Some have argued that the current law prevents retailers from hiring employees to work in jobs that deal with the accuracy of shelf tags. This job- that of a scan coordinator already exists in Michigan. As for claims that passing HB 4158 will bring in investment in new technologies in our stores- there is nothing in the current law that prevents retailers from doing this already.

This bill repeals the Item Pricing Act of 1976 and replaces it with a new law that omits a few sections- like the section on item pricing. Its alarming to see what else is omitted- Section 7 of the current law- that states:

"A person shall not make, publish, disseminate, circulate, or place before the public, an advertisement concerning the buying, selling, exchanging, or trading of real property if that advertising contains language expressing discrimination on the part of the seller concerning prospective buyers because of race, creed, color, national origin, sex, or marital status."

This bill would essentially encourage discriminatory advertising! Was this omission because of a rush to write law and pass something as soon as possible, or was there a deliberate attempt to weaken our state's laws against discrimination?

Finally, I would like to mention that former Attorney General Frank Kelly- once a champion for this law now supports its repeal. There is a clear conflict of interest in his change of position however, as one of the biggest clients in Mr. Kelly's lobby firm is Wal-Mart!

In these difficult economic times, pricing errors are still common- in fact a recent Consumer Reports study found that 6% of items in our stores are mispriced. Today we need stronger consumer protections that apply equally to all retailers in Michigan. While there are many sections of the law which need modernizing, this bill goes way too far and I encourage the committee to vote no.